

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PacifiCorp (U-901-E) and
MidAmerican Energy Holdings Company for
Exemption Under Section 853(b) from the
Approval Requirements of Section 854(a) of the
Public Utilities Code with Respect to the
Acquisition of PacifiCorp by MidAmerican.

Application 05-07-010
(Filed July 15, 2005)

**ADMINISTRATIVE LAW JUDGE'S RULING DIRECTING THE
APPLICANTS TO FILE A SUPPLEMENT TO THE APPLICATION**

This Ruling requires PacifiCorp and MidAmerican Energy Holdings Company (collectively, Applicants) to file and serve a supplement to Application (A.) 05-07-010 by October 12, 2005, that provides the following information and documents:

1. Please provide a copy of the federal Hart-Scott-Rodino (HSR) filings that are mentioned on page 26 of A.05-07-010 and on pages 20-21 of Exhibit 400 appended to A.05-07-010. Please also provide (i) any federal response to the HSR filings, or (ii) the date when the "waiting period" expired without any federal response to the HSR filings.¹
2. Please provide a detailed explanation regarding whether and how the proposed acquisition of PacifiCorp by MidAmerican Energy Holdings Company (MEHC) will affect PacifiCorp's ability to finance, implement, and comply with any future conditions associated with PacifiCorp's Klamath River dams that may be imposed by the Federal Energy Regulatory Commission or other body of competent jurisdiction.

¹ If not available by Oct. 12, 2005, Items 1.i or 1.ii should be provided when it becomes available.

3. Decision (D.) 01-12-013 and D.99-06-049 (as modified by D.02-04-061 and D.99-10-059) adopted conditions applicable to previous transfers of control of PacifiCorp. Please state which of these previously adopted conditions (with any appropriate modifications) should apply to the proposed acquisition and which should not. If any of these conditions should not apply, please explain why.
4. What is the amount of the annual management fee, dividend, or similar disbursements, if any, that PacifiCorp will be expected to pay, either directly or indirectly, to its owner(s) after the transaction proposed in A.05-07-010 is consummated?
5. Please provide PacifiCorp's consolidated financial statements for each of the years 2002, 2003, and 2004 (i.e., financial statements that reflect PacifiCorp's subsidiaries listed on page 12 of A.05-07-010). The financial statements provided for each year should include an income statement, balance sheet, and cash flow statement prepared in accordance with generally accepted accounting principles (GAAP).
6. Please provide stand-alone financial statements for PacifiCorp's public utility operations for each of the years 2002, 2003, and 2004 (i.e., financial statements that do not reflect PacifiCorp's subsidiaries listed on p. 12 of A.05-07-010). The financial statements provided for each year should include an income statement, balance sheet, and cash flow statement prepared in accordance with GAAP.
7. Please provide a detailed projection of cash-flow that shows how PacifiCorp and its affiliates and subsidiaries acquired by MEHC will collectively generate (or otherwise obtain) sufficient cash during each of the next five years (i.e., 2006 through 2010) to pay for the cost of capital used by MEHC to acquire PacifiCorp while continuing to fund PacifiCorp's operations, maintenance, and capital expenditures at a level sufficient to provide safe and reliable service at reasonable rates. This projection should identify all significant assumptions (e.g., the assumed cost of capital used to acquire PacifiCorp).
8. Please provide any projected internal rates of return, return on investment, net present value, and/or similar analyses that the MEHC relied upon in deciding to acquire PacifiCorp.

9. A.05-07-010 states at page 13, “It is projected that PacifiCorp’s service territories will require investment of at least \$1 billion per year, for the next five years, in order to assure reliable electric service. While the profile of the returns on these capital requirements was not compatible with ScottishPower’s continued ownership of PacifiCorp, MEHC is uniquely suited to undertake such investments.”
- a. Please provide a detailed explanation regarding why the “profile of the returns on these capital requirements was not compatible with ScottishPower’s continued ownership of PacifiCorp.”
 - b. Does the \$1 billion of annual capital expenditures refer to PacifiCorp as a whole (i.e., includes capital expenditures for the PacifiCorp subsidiaries listed on page 12 of A.05-07-010), or does it refer only to PacifiCorp’s public utility operations? If the former, what are the projected annual capital expenditures for the next five years for PacifiCorp’s public utility operations?
 - c. How much of the \$1 billion of annual capital expenditures will be spent on PacifiCorp’s public utility operations in California?
 - d. What was the amount of capital expenditures during each of the years 2002, 2003, and 2004 for (i) PacifiCorp’s public utility operations as a whole (including PacifiCorp’s non-California operations), and (ii) PacifiCorp’s public utility operations in California?
 - e. What is the amount of budgeted capital expenditures during 2005 for (i) PacifiCorp’s public utility operations as a whole (including PacifiCorp’s non-California operations), and (ii) PacifiCorp’s public utility operations in California.

The contents of the supplement required by this Ruling shall be verified in accordance with Rule 2.4 of the Commission’s Rules of Practice and Procedure. Applicants shall email an electronic copy of the supplement to the assigned Administrative Law Judge (ALJ) at tim@cpuc.ca.gov. The electronic copy should be in Microsoft Word and Excel to the extent possible. Applicants shall also provide a hardcopy of the supplement to the ALJ.

IT IS RULED that:

1. Applicants shall file and serve by October 12, 2005, a supplement to Application 05-07-010 that contains the information and documents specified in the body of this Ruling.
2. The contents of the supplement shall be verified in accordance with Rule 2.4 of the Commission's Rules of Practice and Procedure.
3. Applicants shall email an electronic copy of the supplement to the assigned Administrative Law Judge (ALJ) at tim@cpuc.ca.gov. The electronic copy shall be in Microsoft Word and Excel to the extent possible. Applicants shall also provide a hardcopy of the supplement to the ALJ.

Dated September 27, 2005, at San Francisco, California.

/s/ TIMOTHY KENNEY

Timothy Kenney
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Directing the Applicants to File a Supplement to the Application on all parties of record in this proceeding or their attorneys of record.

Dated September 27, 2005, at San Francisco, California.

/s/ KRIS KELLER

Kris Keller

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.